

FIRST HYDROGEN CORP.

(formerly Pure Extraction Corp.)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

FIRST HYDROGEN CORP.

(formerly Pure Extraction Corp.)

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**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

FIRST HYDROGEN CORP. (formerly Pure Extraction Corp.)
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	September 30, 2022	March 31, 2022
Current Assets			
Cash		\$ 3,671,935	\$ 2,599,377
Other receivables	3	309,193	887,267
Prepaid expenses		182,590	106,759
Inventory	4	409,469	563,980
		4,573,187	4,157,383
Intangible assets	5	941,569	991,125
Total Assets		\$ 5,514,756	\$ 5,148,508
Current Liabilities			
Accounts payable & accrued liabilities		\$ 2,673,218	\$ 2,056,947
Income taxes payable		25,000	25,000
Accrued interest		113,754	110,758
Current portion of convertible debentures	7	916,387	118,675
Customer deposits	6	396,048	575,315
		4,124,407	2,886,695
Convertible debentures	7	-	1,113,228
Loan payable	8	29,352	27,906
Total Liabilities		4,153,759	4,027,829
Shareholders` Equity			
Share capital	9	20,308,526	12,070,510
Other comprehensive income		(3,675)	20,261
Contributed surplus		1,804,769	1,698,967
Deficit		(20,748,623)	(12,669,059)
Total Equity		1,360,997	1,120,679
Total Liabilities and Equity		\$ 5,514,756	\$ 5,148,508

Nature of Operations and Ability to Continue as a Going Concern – Note 1

APPROVED BY THE DIRECTORS:

<u>“Balraj Mann”</u> Balraj Mann	Director	<u>“Alicia Milne”</u> Alicia Milne	Director
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The accompanying notes are an integral part of these consolidated interim financial statements

FIRST HYDROGEN CORP. (formerly Pure Extraction Corp.)
CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the Three and Six Months Ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

	Note	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
		2022	2021	2022	2021
Revenue		\$ -	\$ -	\$ 160,060	\$ -
Cost of Sales		-	-	154,511	-
Gross Profit		-	-	5,549	-
Expenses					
Accounting, audit, and legal		\$ 17,664	49,949	\$ 97,946	\$ 118,094
Accretion	7, 8	41,422	71,475	99,465	124,270
Advertising and marketing		646,569	131,917	1,304,471	241,718
Consulting and management fees	10	285,545	162,250	447,307	214,750
Depreciation		49,556	-	49,556	-
Foreign exchange		-	-	1,242	-
General and administrative	10,14	145,257	63,603	291,005	169,247
Insurance		57,567	25,066	60,012	25,066
Interest expense		18,119	42,248	44,311	69,426
Research and development		2,544,476	286,638	3,614,913	353,395
Salaries and benefits		1,028,799	-	1,541,625	-
Stock-based compensation	9	236,467	98,000	438,402	1,353,000
Travel		54,350	-	94,858	-
		5,125,791	931,146	8,085,113	2,668,966
Loss for the period		(5,125,791)	(931,146)	(8,079,564)	(2,668,966)
Other comprehensive income (loss)					
Translation of subsidiary to representation currency		267,529	708	(23,936)	(1,152)
Net and comprehensive loss for the period		\$ (4,858,262)	\$ (830,438)	\$ (8,103,500)	\$ (2,670,118)
Basic and diluted gain (loss) per share		\$ (0.09)	\$ (0.02)	\$ (0.14)	\$ (0.06)
Weighted average number of shares outstanding		59,136,741	47,175,785	58,417,106	45,336,837

The accompanying notes are an integral part of these consolidated interim financial statements

FIRST HYDROGEN CORP. (formerly Pure Extraction Corp.)
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the Six Months Ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

	<u>For the Six Months Ended September 30,</u>	
	2022	2021
Cash Flows provided by (used in) Operating Activities		
Net income (loss) for the period	\$ (8,079,564)	\$ (2,668,966)
Items not affecting cash		
Stock-based compensation	438,402	1,353,000
Accretion	99,465	124,270
Depreciation	49,556	-
Changes in non-cash working capital items related to operations:		
Interest payable	2,996	67,507
Other receivables	578,074	(64,388)
Customer deposits	(179,267)	-
Inventory	154,511	-
Prepaid expenses	(75,831)	(154,597)
Accounts payable and accrued liabilities	439,716	(120,542)
Net cash used in operating activities	(6,571,942)	(1,463,716)
Cash Flows provided by Financing Activity		
Shares issued for cash, net of issuance costs	5,577,131	5,520,000
Convertible debenture, net of issuance costs	-	1,840,000
Exercise of options	282,500	-
Exercise of warrants	1,162,375	-
Exercise of brokers' options	622,494	224,275
Net cash provided by financing activities	7,644,500	7,584,275
Increase (decrease) in cash during the period	1,072,558	6,120,559
Cash, beginning of the period	2,599,377	1,637,380
Cash, end of the period	\$ 3,671,935	\$ 7,757,939

The accompanying notes are an integral part of these consolidated interim financial statements

FIRST HYDROGEN CORP. (formerly Pure Extraction Corp.)
CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
For the Six Months Ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Common Shares	Shares to be issued	Contributed Surplus	Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Equity
Balance, March 31, 2022	55,337,855	\$ 12,070,510	\$ -	\$ 1,698,967	\$ 20,261	\$ (12,669,059)	\$ 1,120,679
Shares issued for cash	2,245,222	6,062,099	-	-	-	-	6,062,099
Share issuance costs	-	(637,587)	-	-	-	-	(637,587)
Share issuance costs, brokers options	-	(372,000)	-	372,000	-	-	-
Finders' warrants exercised	289,638	622,494	-	-	-	-	622,494
Stock options exercised	150,000	282,500	-	-	-	-	282,500
Warrants exercised	1,028,750	1,162,375	-	-	-	-	1,162,375
Conversion of convertible debenture	1,250,000	470,435	-	-	-	-	470,435
Equity portion of convertible debenture	-	-	-	(56,900)	-	-	(56,900)
Transfer due to exercise of broker's options	-	647,700	-	(647,700)	-	-	-
Stock-based compensation	-	-	-	438,402	-	-	438,402
Other comprehensive loss	-	-	-	-	(23,936)	-	(23,936)
Net loss for the period	-	-	-	-	-	(8,079,564)	(8,079,564)
Balance, September 30, 2022	60,301,465	\$ 20,308,526	\$ -	\$ 1,804,769	\$ (3,675)	\$ (20,748,623)	\$ 1,360,997
Balance, March 31, 2021	38,101,239	\$ 4,037,511	\$ -	\$ 867,742	\$ -	\$ (3,800,965)	\$ 1,104,288
Shares to be issued for acquisition	-	-	991,125	-	-	-	991,125
Shares issued for cash	9,900,000	6,000,000	-	-	-	-	6,000,000
Share issuance costs	-	(480,000)	-	-	-	-	(480,000)
Share issuance costs, brokers' options	-	(572,600)	-	572,600	-	-	-
Finders' warrants exercised	1,661,296	224,275	-	-	-	-	224,275
Transfer due to exercise of broker's options	-	253,539	-	(253,539)	-	-	-
Equity portion of convertible debenture	-	-	-	470,000	-	-	470,000
Stock-based compensation	-	-	-	1,353,000	-	-	1,353,000
Other comprehensive loss	-	-	-	-	(1,152)	-	(1,152)
Net loss for the period	-	-	-	-	-	(2,668,966)	(2,668,966)
Balance, September 30, 2021	49,662,535	\$ 9,462,725	\$ 991,125	\$ 3,009,803	\$ (1,152)	\$ (6,469,931)	\$ 6,992,570

The accompanying notes are an integral part of these consolidated interim financial statements

FIRST HYDROGEN CORP. (formerly Pure Extraction Corp.)

Notes to Consolidated Interim Financial Statements

For the Three and Six Months ended September 30, 2022 and 2021 – Page 7

(Expressed in Canadian Dollars)

Note 1 Nature of Operations

The Company was incorporated under the Business Corporations Act of British Columbia on June 20, 2007. The Company is in the development stage and was classified and listed as a Capital Pool Company as defined by Policy 2.4 (the "CPC Policy") of the TSX Venture Exchange (the "Exchange") on June 13, 2008. The Company is in the business of engineering, research & development, production, manufacturing and selling equipment.

On June 12, 2020, the Company changed its name to Pure Extraction Corp. On October 7, 2021, the Company changed its name to First Hydrogen Corp. The Company's trading symbol is "FHYD" trading on the TSX Venture Exchange.

The address of the Company's corporate office and principal place of business is Suite 440 – 755 Burrard Street, Vancouver, British Columbia V6Z 1X6.

Going Concern

While the Company's consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events cast significant doubt on the validity of this assumption. For the six-month period ended September 30, 2022, the Company reported a net loss of \$8,079,564 (2021 - \$2,668,966) and as at that date had an accumulated deficit of \$20,748,623 (March 31, 2022 - \$12,669,059). As of September 30, 2022, the Company has a net working capital of \$448,780 (March 31, 2022 - \$1,270,688). The Company expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material. The directors of the Company have approved these consolidated financial statements.

Note 2 Significant Accounting Policies

(a) Statement of Compliance

These unaudited consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2022.

These consolidated interim financial statements were authorized for issue on November 28, 2022 by the directors of the Company.

(b) Basis of Measurement and Consolidation

These consolidated interim financial statements have been prepared on a historical cost basis using the accrual basis accounting, except for cash flow information.

These consolidated interim financial statements include the accounts the Company and its wholly owned and controlled subsidiaries, 1300492 BC Ltd. (formerly First Hydrogen Corp.), First Hydrogen Limited (a UK corporation incorporated on April 17, 2021), 1063136 BC Ltd. (formerly Pure Extraction Inc.), Pure Extraction Ltd., First Hydrogen Automotive (USA) Inc., First Hydrogen Energy (USA) Inc., NetzeroH2 Inc. and Zeroneth2 Inc. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated interim financial

Note 2 Significant Accounting Policies – (cont'd)

(b) Basis of Measurement and Consolidation – (cont'd)

statements of the subsidiaries are including the consolidated interim financial statements from the date of the control commences until the date that control ceases.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary. Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

(c) Critical Accounting Estimates, Judgments and Uncertainties

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Critical Accounting Estimates and Assumptions

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

(d) Functional and Presentation Currency

The Company's functional currency is the Canadian Dollar ("CAD"). The consolidated financial statements are presented in CAD which is the Company's presentation currency, unless otherwise noted.

All amounts in these consolidated financial statements are rounded to the nearest dollar.

Note 2 Significant Accounting Policies – (cont'd)

(e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and short-term, highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and subject to insignificant risk of change in value.

(f) Revenue Recognition

FRS 15 – Revenues from contracts with customers

IFRS 15 was issued with the intent of significantly enhancing consistency and comparability of revenue recognition practices across entities and industries. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretation. The new standard establishes a single, principles-based five-step model to be applied to all contracts with customers and introduces new and enhanced disclosure requirements. Changes in accounting policies resulting from the adoption of IFRS 15 had no impact on the Company's consolidated financial statements or the reported amounts of revenues.

The Company's revenue is comprised of equipment sales. Revenue is recognized when the equipment has been commissioned as operational, systems control has been transferred to the purchaser and collectability is reasonably assured. This is generally when commissioning has been completed, which is also when the performance obligations have been fulfilled under the terms of the related sales contract. Revenues are recorded net of discounts and incentives but inclusive of freight in the sale of goods.

Customer deposits (i.e. contract liabilities) represents deposits received from customers on uncompleted contracts.

(g) Inventory

Inventories are recorded at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle. In the case of manufactured inventories and work in progress, cost includes materials and labor based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In establishing any impairment of inventory, management estimates the likelihood that inventory carrying values will be affected by changes in market demand, technology and design, which would impair the value of inventory on hand.

(h) Income Taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on

Note 2 Significant Accounting Policies – (cont'd)

(h) Income Taxes – (cont'd)

different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Financial Instruments

The Company has adopted IFRS 9, Financial Instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“OCI”), or through profit or loss), and
- Those to be measured after initial recognition at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI. The Company has classified its cash at fair value through profit or loss. The company’s advances and receivables are held at amortized cost.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are the measurement categories under which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through OCI (“FVOCI”):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative
- gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

Note 2 Significant Accounting Policies – (cont'd)

(j) *Financial Instruments – (cont'd)*

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period which it arises.

Impairment of Financial Assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, loans payable and due to related parties are classified as financial liabilities held at amortized cost.

The adoption of IFRS 9 did not impact the carrying value of any financial asset or financial liability on the transition date. The table below illustrates the change in classification of the Company's financial instruments under IAS 39 and IFRS 9.

Line Item	IFRS 9	IAS 39	Measurement Model
	New Classification	Original Classification	
Cash	FVTPL	FVTPL	FVTPL
Other receivables	Amortized	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Other liabilities	Amortized cost

(j) *Leases*

IFRS 16 introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases, except when the term is 12 months or less or when the underlying asset has a low value. The Company will apply the standard retrospectively with the cumulative effect of initially applying the standard

Note 2 Significant Accounting Policies – (cont'd)

recognized as an adjustment to the opening balance of retained earnings or deficit at that date, subject to permitted practical expedients. Therefore, the Company will not restate comparative information.

The Company recognizes a right-of-use asset and a lease liability for its leases with lease terms greater than one year. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot readily be determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is remeasured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments.

The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss. The new standard is effective for annual periods beginning on or after January 1, 2019 and has been adopted without material effect to these consolidated interim financial statements.

(k) Impairment of Long-Lived Assets

The Company tests long-lived assets for recoverability when events or changes in circumstance indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset, significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

(l) Government grants

Loans received from government are recognized initially at fair value, with the difference between the fair value of the loan based on prevailing market interest rates and the amount received, being recorded as government grant gain in the statements of loss and comprehensive loss.

(m) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of the discount is recognized as a finance expense.

(n) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a

Note 2 Significant Accounting Policies – (cont'd)

certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the measurement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

(o) Share-based Payments

The cost of incentive share options and other equity-settled share-based compensation and payment arrangements with employees, directors, officers and consultants are recorded based on the estimated fair-value at the grant date and charged to earnings over the vesting period. Where incentive share options are subject to vesting, each vesting tranche is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by a charge to earnings, with a corresponding increase to contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

(p) Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss attributable to common shareholders of the Company by weighted average number of common shares outstanding for the relevant period. Diluted earnings/loss per share is computed by adjusting the net income or loss attributable to common shareholders dividing by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments such as warrants and options were exercised.

(q) SR & ED Investment Tax Credits

The Company is eligible to claim federal and provincial (British Columbia) investment tax credits as a result of incurring scientific research and experimental development ("SR&ED") expenditures. Federal and provincial SR&ED investment tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization. Federal and provincial SR&ED investment tax credits are accounted for as a reduction of research and development expense on the statement of comprehensive loss. Management has made a number of estimates and assumptions in determining the expenditures eligible for the federal and provincial SR&ED investment tax credit claim. It is possible that the allowed amount of the federal and provincial SR&ED investment tax credit claim could be materially different from the recorded amount upon assessment by the Canada Revenue Agency.

(t) Convertible debentures

Compound financial instruments issued by the Company are comprised of convertible debt that can be converted to share capital at the option of the holder.

The convertible debenture is considered as a compound financial instrument with a debt component and an equity component. Upon initial recognition, the debt component was accounted for at amortized cost, and the carrying amount of the equity component was measured at residual value. Subsequent to initial recognition, the debt component is measured at amortized cost using the effective interest rate through periodic charges to accretion expense over the term of the note. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the

Note 2 Significant Accounting Policies – (cont’d)

fair value liability component. The Equity component of a compound financial instrument is not measured subsequent to the initial recognition.

(u) Intangible assets

Intangible assets consist of the costs associated with the assignment of the two non-binding letters of intent acquired from an arm’s length company which were ratified into definitive agreements to design and develop a hydrogen fuel-cell powered light commercial vehicle. Intangible assets with a finite life are state at cost less accumulated amortization and accumulated write-downs for impairment. Amortization is provided over the estimated useful lives of the assets using the following methods and annual rates:

Asset	Basis	Rate
Non-binding letter of intent	Straight-line	10 years

Note 3 Other Receivables

	September 30, 2022	March 31, 2022
HST/GST receivable	\$ 87,474	\$ 103,685
Other receivables	221,719	783,582
	\$ 309,193	\$ 887,267

The Company qualifies for the Harmonized Sales Tax (HST) input tax credits in the amount of \$87,474 (March 31, 2022 - \$103,685). Included in other receivables is \$221,719 (March 31, 2022 - \$776,582) of Value-Added Tax (“VAT”), charged on costs incurred in the United Kingdom. During the six-month period ended September 30, 2022, the Company received a VAT refund of \$870,439.

Note 4 Inventory

Inventory comprised the following items:

	September 30, 2022	March 31, 2022
Work in progress - materials and labour	\$ 409,469	\$ 563,980

Note 5 Intangible Assets

On June 11, 2021, the Company announced it entered into definitive agreements with AVL Powertrain UK Limited and Ballard Power Systems Inc. The definitive agreements, with the company’s wholly owned subsidiaries 1300492 BC Ltd. and First Hydrogen Limited will assist in the design and development of a fuel-cell powered vehicle that First Hydrogen will own the commercial rights for the vehicle design.

The Company was assigned two non-binding letters of intent from Nova Light Capital Limited (“Nova Light”), an arm’s length company, which now have been ratified into the definitive agreements. Nova Light was issued 3,000,000 shares of the Company for the assignment of the two non-binding letters of intent. These shares are subject to a voluntary escrow and pooling agreement released over a 36-month period. Finder’s fees of 249,590 shares of the Company were issued to an arm’s length party. The Company has recorded the fair value of the shares at a price of \$0.305 per share.

Note 5 Intangible Assets – (cont'd)

	<u>September 30, 2022</u>
Cost	
Balance, March 31, 2021	\$ -
Issuance of 3,000,000 common shares at a fair value of \$0.305	915,000
Issuance of 249,590 common shares at a fair value of \$0.305	76,125
Balance, March 31, 2022	\$ 991,125
Depreciation	(49,556)
Balance, September 30, 2022	\$ 941,569

Note 6 Customer Deposits

As at September 30, 2022, the Company has received deposits for orders of \$396,048 (March 31, 2022 - \$575,315) which the Company has begun ordering parts and/or began assembly of the equipment. Revenue is recognized when the equipment has been commissioned as operational, systems control has been transferred to the purchaser and collectability is reasonably assured. Deposits are forfeited upon non-payment when additional contractual payments are requested by the Company.

Note 7 Convertible debentures

On April 30, 2021, the Company issued unsecured convertible debentures for gross proceeds of \$2,000,000. Each convertible debenture will bear interest from their issue date at 8% per annum and mature two years from date of issue. The principal amount of the debenture will be convertible into units of the Company at the option of the holder at any time prior to the close of business on the last business day immediately preceding the maturity date. The conversion price per unit will be \$0.40 per unit. The unit is comprised of a share and a half of a common share purchase warrant, each full warrant is exercisable at \$0.90 into one common share, for a period of two years. On initial recognition, the Company bifurcated \$227,600 to equity and \$1,772,400 to the carrying value of the debentures. The Company incurred transaction costs of \$402,400. Transactions costs included the following:

- finder's fees to arm's length third parties consisting of \$160,000 cash; and
- issued 400,000 finder's warrants. Each finder's warrant is exercisable at \$0.40 into one common share for a period of two years. The finders' warrants are fair valued at \$242,400 based on Black-Scholes Option Pricing Model valuation using the following assumptions: 0.31% risk-free interest rate, expected life of 2 years, 121% annualized volatility and 0% dividend rate.

On January 4, 2022, holders of \$500,000 in convertible debentures converted their debentures into 1,250,000 units of the Company. The Company recorded a fair value reduction in convertible debentures of \$461,227 due to this conversion.

On May 11, 2022, holders of \$500,000 in convertible debentures converted their debentures into 1,250,000 units of the Company. The Company recorded a fair value reduction in convertible debentures of \$470,435 due to this conversion.

	<u>September 30, 2022</u>	<u>March 31, 2022</u>
Opening balance	\$ 1,231,903	\$ -
Additions from Principal amounts	-	2,000,000
Redeem partial loan	(470,435)	(404,836)
Finder's fee	-	(160,000)
Equity component	56,900	(227,600)
Transaction costs	-	(242,400)
Accretion	98,019	266,199
	\$ 916,387	\$ 1,231,903
Current portion	\$ 916,387	\$ 118,675
Non-current portion	-	1,113,228
	\$ 916,387	\$ 1,231,903

Note 8 Loan Payable and Government Grants

The Company obtained a Canada Emergency Business Account (CEBA) loan in the amount of \$40,000 from the TD Canada Trust bank guaranteed by the Canadian government. This loan is non-interest bearing until December 31, 2023 and repayment of the loan prior to December 31, 2023 will result on loan forgiveness of 25% or \$10,000. After January 1, 2023, the loan may be converted into a 3-year term loan at a fixed annual interest rate of 5%.

Note 8 Loan Payable and Government Grants – (cont'd)

On January 12, 2022, the Department of Finance Canada announced the repayment deadline for the Canada Emergency Business Account (CEBA) loans to qualify for partial loan forgiveness is being extended from December 31, 2022, to December 31, 2023, for all eligible borrowers in good standing.

The CEBA loan was initially fair valued using a discount rate of 10% and was measured at \$25,277 with difference of \$16,997 being recognized as a government grant on the consolidated statement of loss during the year ended March 31, 2021. The accretion expense of \$1,446 (2021 - \$1,291) was recorded on this CEBA loan during the six months ended September 30, 2022.

Note 9 Share Capital

a) Authorized

Unlimited number of common voting shares without par value.

b) Issued and outstanding

A summary of changes in share capital is contained on the statement of changes in shareholders' equity for the six months ended September 30, 2022 and 2021.

c) Share Purchase Warrants

During the six-month period ended September 30, 2022, the Company entered into an agreement with Canaccord Genuity Corp. (CG) to assist in the exercise of the Company's outstanding share purchase warrants. CG will be compensated with a cash fee equal to 5% of the total gross proceeds raised from the exercise of the share purchase warrants and a warrant exercise at \$4.50 into one common share for a period of two years from issuance. As at September 30, 2022 the Company accrued \$152,619 in fees related to the warrant exercise.

Share purchase warrants transactions during the six month period ended September 30, 2022 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	Years to Expiry
Balance, March 31, 2021	-	\$ -	-
Issued	4,375,000	0.90	2.00
Issued	2,400,000	2.00	2.00
Exercised	(18,750)	0.90	-
Balance at March 31, 2022	6,756,250	\$ 1.29	1.20
Issued	625,000	0.90	0.83
Issued	2,245,222	3.70	1.83
Exercised	(1,028,750)	1.13	-
Balance at September 30, 2022	8,597,722	\$ 1.91	0.93

Note 9 Share Capital – (cont'd)

c) *Share Purchase Warrants – (cont'd)*

As at September 30, 2022, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiring
4,167,500	\$ 0.90	April 30, 2023
2,185,000	2.00	August 30, 2023
2,245,222	3.70	April 29, 2024
<u>8,597,722</u>		

d) *Long-Term Incentive Plan (“LTIP”)*

The Company has a LTIP that provides for the issuance of restricted share units (“RSUs”), performance share units (“PSUs”), deferred share units (“DSUs”) and stock options (“Options”) (collectively the “Awards”) to its directors, officers, employees and consultants. The aggregate maximum number of outstanding Awards is 10% of the issued and outstanding common shares at any point in time. The exercise price of each Award equals the market price of the Company’s shares on the date of the grant. The maximum term of the stock options is ten years. The fair value of each Award granted is estimated on the date of grant using the Black-Scholes option pricing model.

During the six-month period ended September 30, 2022, the Company recognized stock-based compensation of \$438,402 (2021 -\$1,353,000).

During the six-month period ended September 30, 2022, the Company did not issue any RSUs, PSUs or DSUs.

During the six-month period ended September, the Company granted 250,000 stock options to employees of the Company. These stock options vest over a three-year period. The fair value of each option granted during the period was estimated using the Black-Scholes Option Pricing Model based on the following assumptions:

	For the six-month period ended September 30,	
	2022	2021
Risk-free interest rate	2.70 – 3.16%	0.12 - .025%
Expected life	5 years	5 years
Volatility	103 – 105%	132 – 172%
Expected dividend yield	0.00%	0.00%

During the six-month period ended September 30, 2022, stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance at March 31, 2020	1,260,000	\$ 0.165
Granted	600,000	0.320
Balance at March 31, 2021	1,860,000	\$ 0.210
Granted	1,755,000	2.068
Expired	(150,000)	0.165
Balance at March 31, 2022	3,465,000	\$ 1.144
Granted	250,000	3.018
Exercised	(150,000)	1.883
Balance at September 30, 2022	<u>3,565,000</u>	<u>\$ 1.255</u>

Note 9 Share Capital – (cont'd)

As at September 30, 2022, the following stock options were outstanding and exercisable:

Expiry Date	Weighted Average Exercise price	Number of options outstanding	Weighted Average Remaining Years
July 19, 2024	\$ 0.165	1,110,000	1.80
July 23, 2025	\$ 0.300	500,000	2.81
March 3, 2026	\$ 0.400	100,000	3.42
June 11, 2026	\$ 2.350	620,000 ⁽¹⁾	3.70
November 18, 2026	\$ 1.700	615,000 ⁽²⁾	4.14
December 17, 2026	\$ 1.700	150,000 ⁽³⁾	4.22
January 11, 2027	\$ 2.250	30,000 ⁽³⁾	4.28
March 1, 2027	\$ 2.800	150,000 ⁽³⁾	4.42
March 7, 2027	\$ 2.550	40,000 ⁽³⁾	4.44
April 19, 2027	\$ 3.300	15,000 ⁽³⁾	4.55
June 6, 2027	\$ 3.000	90,000 ⁽³⁾	4.68
July 1, 2027	\$ 3.000	15,000 ⁽³⁾	4.75
July 11, 2027	\$ 3.000	90,000 ⁽³⁾	4.78
July 18, 2027	\$ 3.000	40,000 ⁽³⁾	4.80
		3,565,000	3.19

⁽¹⁾ 500,000 stock options vest over a three-year period.

⁽²⁾ 350,000 stock options vest over a three-year period.

⁽³⁾ stock options vest over a three-year period.

As at September 30, 2022, no RSUs, RSUs, PSUs or DSUs were outstanding.

e) *Private placement*

During the six-month period ended September 30, 2022, the Company completed a non-brokered private placement of units for gross proceeds of \$6,062,099. The private placement consisted of 2,245,222 units at \$2.70 per unit, where each unit consists of one common share and one common share purchase warrant. Each full warrant is exercisable at \$3.70 into one common share, for a period of two years. In connection with the financing, the Company paid finder's fees to arm's length third parties consisting of \$484,968 cash and issued 179,618 finder's warrants. Each finder's warrant is exercisable at \$2.70 into one common share for a period of two years.

During the year ended March 31, 2022, the Company completed a non-brokered private placement of units for gross proceeds of \$3,000,000. The private placement consisted of 7,500,000 units at \$0.40 per unit, where each unit consists of one common share and a half of a common share purchase warrant. Each full warrant is exercisable at \$0.90 into one common share, for a period of two years. In connection with the financing, the Company paid finder's fees to arm's length third parties consisting of \$240,000 cash and issued 600,000 finder's warrants. Each finder's warrant is exercisable at \$0.40 into one common share for a period of two years.

During the year ended March 31, 2022, the Company completed a non-brokered private placement of units for gross proceeds of \$3,000,000. The private placement consisted of 2,400,000 units at \$1.25 per unit, where each unit consists of one common share and a common share purchase warrant. Each warrant is exercisable at \$2.00 into one common share, for a period of two years. In connection with the financing, the Company paid finder's fees to arm's length third parties consisting of \$240,000 cash and issued 192,000 finder's warrants. Each finder's warrant is exercisable at \$1.25 into one common share for a period of two years.

Note 9 Share Capital – (cont'd)

f) Finder's warrants

During the six-month period ended September 30, 2022, the Company issued 179,618 finder's warrants as finders' fees. The finder's warrants allowed the holder to acquire for \$2.70 per finder warrant, one common share for a period of 24 months. The fair value of these finder's warrants was calculated at \$372,000 and was determined on the date of issuance using the Black-Scholes Option Pricing Model with the following assumptions: 2.63% risk-free interest rate, expected life of 2 years, 136% annualized volatility and 0% dividend rate.

During the year ended March 31, 2022, the Company issued 1,000,000 finder's warrants as finders' fees for the unit financing of \$3,000,000 at \$0.40 per unit and \$2,000,000 of convertible debentures. The finder's warrants allowed the holder to acquire for \$0.40 per finder warrant, one common share for a period of 24 months. The fair value of these finder's warrants was calculated at \$606,000 and was determined on the date of issuance using the Black-Scholes Option Pricing Model with the following assumptions: 0.31% risk-free interest rate, expected life of 2 years, 121% annualized volatility and 0% dividend rate.

During the year ended March 31, 2022, the Company issued 192,000 finder's warrants as finders' fees. The finder's warrants allowed the holder to acquire for \$1.25 per finder warrant, one common share for a period of 24 months. The fair value of these finder's warrants was calculated at \$209,000 and was determined on the date of issuance using the Black-Scholes Option Pricing Model with the following assumptions: 0.71% risk-free interest rate, expected life of 2 years, 128% annualized volatility and 0% dividend rate.

During the six-month period ended September 30, 2022, finder's warrants activity was as follows:

	Number	Weighted Average Price
Number outstanding at March 31, 2021	-	-
Issued	1,000,000	\$ 0.40
Issued	192,000	\$ 1.25
Exercised	(1,000,000)	\$ 0.40
Exercised	(81,980)	\$ 1.25
Number outstanding at March 31, 2022	110,020	\$ 1.25
Issued	179,618	\$ 2.70
Exercised	(289,638)	\$ 2.15
Number outstanding at September 30, 2022	-	-

As at September 30, 2022, there were no finders' warrants were outstanding:

g) Escrow Shares:

As at September 30, 2022, 1,307,499 common shares (March 31, 2022 – 1,961,249) were subject to an escrow agreement to be released in accordance with the CPC policy guidelines. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the Qualifying Transaction) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

As at September 30, 2022, 1,800,000 common shares (March 31, 2022 – 2,250,000) were subject to a voluntary escrow and pooling agreement released over a 36-month period (see Note 6).

Note 10 Related Party Transactions

During the six-month period ended September 30, 2022, the Company incurred \$36,000 (2021 - \$36,000) in rent expense to a company owned by a director and senior officer. As at September 30, 2022, \$nil (March 31, 2022- \$nil) were indebted to the aforementioned company. These transactions have been recorded at the fair value which is the amount of consideration established and agreed to by the related parties.

During the six-month period ended September 30, 2022, the Company paid a total of \$18,000 in directors' fees (2021 – nil).

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity and include executive and non-executive directors. Key management personnel compensation disclosed above comprised the following:

	September 30, 2022	September 30, 2021
CEO	\$ 240,000	\$ 147,500
CFO	21,000	15,000
Salaries	92,426	-
	\$ 353,426	\$ 198,500

Note 11 Financial Instruments and risk

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to identify, evaluate and negotiate the acquisition of an interest in properties, assets or a business which is considered a Qualifying Transaction. The capital structure of the Company consists primarily of cash and share capital.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at September 30, 2022, the Company is not exposed to any significant credit risk.

c) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. The Company may seek additional financing through equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all.

d) Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. It is the responsibility of the Company to identify, evaluate and negotiate the acquisition of an interest in properties, assets or a business which is considered a Qualifying Transaction.

Note 11 Financial Instruments and risk – (cont'd)

e) Interest Rate Risk

The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At September 30, 2022, the Company was not subject to significant interest rate risk.

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency risk to the extent of expenditures incurred and funds received, and balances maintained by the Company are denominated in Pound Sterling (£), Euro (€) and Canadian dollars. The Pound Sterling and Euro are subject to fluctuations against the Canadian dollar.

iii) Price Risk

The Company is not exposed to price risk with respect to commodity pricing.

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data

The following table presents the financial instruments recorded at fair value in the statement of financial position, classified using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial Assets				
Cash	\$ 3,671,935	\$ -	\$ -	\$ 3,671,935

Note 12 Capital Risk Management

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern; to maintain optimal capital structure, while ensuring the Company's strategic objectives are met and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, stock options and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, selling and/or acquiring assets, and controlling its capital expenditures program.

Management reviews its capital management approach on an ongoing basis. The Company is not subject to any externally imposed capital requirements.

Note 13 Commitment

On August 30, 2021, Pure Extraction Ltd. entered into a short-term lease agreement for office and assembly floor space for future minimum operating lease commitments of \$30,000 for fifteen months ending September 30, 2023.

On October 1, 2021, First Hydrogen Limited and AVL Powertrain Limited entered into an agreement to proceed with the development and build of two hydrogen fuel-cell-powered light commercial demonstrator vans at AVL's facilities in the UK. The development and build phase are payable over the completion of certain milestones.

Note 14 General and administrative

	For the three-months ended September 30,		For the six-months ended September 30,	
	2022	2021	2022	2021
Office and administration	\$ 21,251	\$ 14,161	\$ 50,709	\$ 52,371
Computer and internet	18,886	-	40,692	-
Rent	84,234	27,463	133,475	55,208
Transfer agent and regulatory fees	20,886	21,979	66,129	61,668
	<u>\$ 145,257</u>	<u>\$ 63,603</u>	<u>\$ 291,005</u>	<u>\$ 169,247</u>

Note 15 Segmented information

	Assets		Expenditures	
	Sep. 30, 2022	Sep. 30, 2021	Sep. 30, 2022	Sep. 30, 2021
U.K.	\$ 1,432,067	\$ 119,933	\$ 5,537,677	\$ 312,515
Canada	4,132,245	9,666,419	2,677,880	2,356,451
	<u>\$ 5,564,312</u>	<u>\$ 9,786,352</u>	<u>\$ 8,035,557</u>	<u>\$ 2,668,966</u>

The Company operates in one segment, being the engineering, research & development, manufacturing and selling equipment, in two geological areas, the U.K. and Canada.

Note 16 Subsequent Events

- On October 17, 2022, the Company received \$171,000 from the exercise of 190,000 warrants.
- On October 25, 2022, the Company received \$30,000 from the exercise of 100,000 stock options.
- On November 21, 2022, the Company received \$245,250 from the exercise of 272,500 warrants.
- On November 22, 2022, the Company issued 187,500 common shares and 93,750 warrants, exercisable at \$0.90 per warrant, from the conversion of \$75,000 in convertible debentures.